

COMMISSIONERS
DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

OPEN MEETING ITEM



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Executive Director

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AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

ARIZONA CORPORATION COMMISSION

DATE: APRIL 19, 2016
DOCKET NOS.: W-03443A-15-0271

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Yvette Kinsey. The recommendation has been filed in the form of an Order on:

APPALOOSA WATER COMPANY
(RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

APRIL 28, 2016

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

MAY 3, 2016 AND MAY 4, 2016

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED

APR 19 2016



JODI A. JERICHER
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 DOUG LITTLE – Chairman
4 BOB STUMP
5 BOB BURNS
6 TOM FORESE
7 ANDY TOBIN

8 IN THE MATTER OF THE APPLICATION OF
9 APPALOOSA WATER COMPANY FOR
10 APPROVAL OF A RATE INCREASE.

DOCKET NO. W-03443A-15-0271

DECISION NO. _____

11 **ORDER**

12 Open Meeting
13 May 3 and 4, 2016
14 Phoenix, Arizona

15 **BY THE COMMISSION:**

16 Having considered the entire record herein and being fully advised in the premises, the
17 Commission finds, concludes, and orders that:

18 * * * * *

19 **FINDINGS OF FACT**

20 **Procedural History**

- 21 1. On July 28, 2015, Appaloosa Water Company ("Appaloosa" or "Company") filed an
22 application with the Arizona Corporation Commission ("Commission") for approval of a rate increase.
23 2. From July 31 through August 25, 2015, various consumer comments were filed in the
24 docket.
25 3. On August 25, 2015, the Commission's Utilities Division ("Staff") filed a Letter of
26 Insufficiency, requesting that the Company provide additional information on its application.
27 4. On September 11, 2015, Appaloosa filed amendments to its application.
28 5. On September 22, 2015, Appaloosa filed amendments to its application.
6. On September 29, 2015, Staff issued a Letter of Sufficiency stating that Appaloosa's
application had met the sufficiency standards set forth in the Arizona Administrative Code ("A.A.C.")
R14-2-103 and that Appaloosa had been classified as a Class D utility.

1 7. On November 6, 2015, Staff filed a Request for an Extension of Time to file Staff
2 Report, stating that the Company's response to Staff's First Set of Data Requests had not been timely
3 and that Staff needed additional time, until December 28, 2015, to file the Staff Report in this matter.

4 8. On November 12, 2015, by Procedural Order, Staff's request for an Extension of Time
5 was granted. Further, the timeclock in this matter was suspended.

6 9. On November 18, 2015, Appaloosa filed additional information in support of its
7 application.

8 10. On December 28, 2015, Staff filed a Staff Report recommending approval of a rate
9 increase based on Staff's recommended rates and charges. The Staff Report stated that parties should
10 file comments to the Staff Report no later than January 7, 2016.

11 11. On February 10, 2016, by Procedural Order, Appaloosa was directed to file either a
12 letter attesting that the Company is in agreement with Staff's recommendations or comments discussing
13 any disagreements with the Staff Report. The Procedural Order also allowed Staff time to file a
14 response to the Company's comments/disagreements.

15 12. On February 19, 2016, Appaloosa filed a letter attesting that it was in agreement with
16 Staff's recommendations in the Staff Report.

17 **Background**

18 13. Appaloosa is an Arizona "C" corporation engaged in the business of providing water
19 service to a community known as Appaloosa Meadows, located in the Town of Chino Valley in
20 Yavapai County, Arizona.

21 14. Appaloosa was granted a Certificate of Convenience and Necessity ("CC&N") to
22 provide water utility service in Arizona in Commission Decision No. 60733 (March 23, 1998).

23 15. Appaloosa is currently providing services under rates and charges established in
24 Commission Decision No. 73270 (July 30, 2012).

25 16. The Company is currently serving 228 metered customers and its service area
26 encompasses approximately two-thirds of a square mile. Appaloosa also serves two contiguous parcels
27 covering roughly 60 acres north of its CC&N.

28 17. Appaloosa is owned by Artesian Holdings, LLC.

1 **Water System/Compliance**

2 18. Appaloosa's water system consists of two wells, a single storage tank, a booster pump
3 station equipped with two booster pumps, a pressure tank and fire pump, and a distribution system
4 serving 228 customers.¹

5 19. According to Staff, Appaloosa's non account water loss is below 10 percent per year
6 and is within acceptable limits.²

7 20. Staff recommends that, on a going-forward basis, the Commission eliminate the
8 requirement set forth in Commission Decision Nos. 73270 and 74787 for Appaloosa to file quarterly
9 water loss reports with the Commission because the Company's water loss has been below 10 percent
10 for more than a year.³

11 21. Staff states that Appaloosa's water system has adequate production capacity and storage
12 capacity to serve its existing customer base as well as anticipated growth.

13 22. As of June 3, 2015, Appaloosa was in compliance with the Arizona Department of
14 Environmental Quality ("ADEQ") and ADEQ had determined that the Company's water system is
15 currently delivering water that meets water quality standards as required by 40 C.F.R. 141 and A.A.C.
16 Title 18, Chapter 4.⁴

17 23. Appaloosa's service area is located within the Arizona Department of Water Resources
18 ("ADWR") Prescott Active Management Area ("AMA"). ADWR has reported that Appaloosa is
19 currently in compliance with departmental requirements governing water providers and/or community
20 water systems.⁵

21 24. The Company has approved Curtailment and Backflow Prevention Tariffs on file with
22 the Commission.

23 25. Appaloosa has an approved Best Management Practices Tariff on file with the
24 Commission.⁶

25
26 ¹ Staff's Engineering Report at 1.

27 ² *Id.* at 5.

³ *Id.* at 6.

⁴ *Id.* at 6.

28 ⁵ ADWR compliance dated August 24, 2015.

⁶ Staff's Engineering Report at 9.

1 26. Appaloosa is in compliance with the Commission's Compliance Section.⁷

2 27. All consumer complaints filed with the Commission against Appaloosa have been
3 resolved and closed.⁸

4 28. Approximately 29 comments/opinions were filed in opposition to the Company's rate
5 application.

6 **Rate Application**

7 29. The Company's rate application requests approval to increase its rates to generate
8 additional revenues in the amount of \$141,689, or 100 percent over test year ("TY") revenues of
9 \$141,689. The Company's application states that the additional revenues are needed to cover the cost
10 of maintenance for its arsenic treatment system, including media replacement, and major and/or minor
11 repairs related to the arsenic treatment system. The application states that without additional revenues
12 the Company will be unable to pay its expenses.

13 30. Appaloosa used a TY ending December 31, 2014.

14 31. Appaloosa filed with its application a notarized affidavit certifying that it mailed to each
15 of its customers, on July 28, 2015, notice of the rate application.

16 32. Appaloosa is in agreement with Staff's recommended rates and charges.⁹

17 **Rate Base**

18 33. Appaloosa did not propose a fair value rate base ("FVRB") that differed from its
19 proposed original cost rate base ("OCRB") of negative \$472,486.

20 34. Staff recommends the following Plant-in-Service adjustments to the Company's
21 proposed FVRB:

22 a. Increasing Water Treatment Equipment by \$148,250, from \$0, to reflect
23 the correct ending balance approved in the Company's last rate case.

24 b. Increasing Media for Arsenic Treatment by \$25,635, from \$0, to reflect
25 the reclassification of \$25,635 from Acct. No. 620, Repairs and
26 Maintenance Expense, to Acct. No. 320.3, Media for Arsenic Treatment.

27 ⁷ Staff's Engineering Report at 7.

28 ⁸ Staff Report at 4.

⁹ Appaloosa's Response to Staff Report docketed on February 19, 2016.

- c. Increasing Storage Tank by \$100,438, from \$0, to correct the ending balance approved in the Company's last rate case.
- d. Increasing Computer Software by \$1,500, from \$0, to reflect the correct ending balance approved in the Company's last rate case.
- e. Decreasing Miscellaneous Equipment by \$1,500, to \$0, to reflect the correct ending balance approved in the Company's last rate case.

35. Staff's total adjustments increase Plant-in-Service by \$274,323, from the Company's proposed \$1,230,707 to \$1,505,030.

36. Staff recommends a decrease to accumulated depreciation by \$199,514, from the Company's proposed \$609,994, to \$410,480, to reflect Staff's recalculation of accumulated depreciation based on Staff's adjusted Plant-in-Service and Commission approved depreciation rates.¹⁰

37. Staff recommends an upward adjustment of \$33,721, from \$0, to Advances in Aid of Construction ("AIAC") to reflect \$535,553 as the ending balance approved in Appaloosa's last rate case,¹¹ removal of \$481,616 from AIAC transferred to contributions in aid of construction ("CIAC") in the year 2014, and removal of \$20,225 in AIAC refunds since the last rate case.¹²

38. Staff recommends a decrease of \$51,306, from \$152,044 to \$100,738, in the accumulated amortization of CIAC from the year the CIAC was made or transferred from AIAC to the end of the TY.¹³

39. Staff also recommends an increase in working capital, from \$0 to \$10,564, using the formula method.¹⁴

40. Staff's recommended adjustments to FVRB result in a rate base of negative \$73,103.¹⁵

41. We find Staff's adjustments to rate base reasonable, and we find that Appaloosa's OCRB does not differ from its FVRB of negative \$73,103.

¹⁰ Staff Report at 5.

¹¹ See Decision No. 73270.

¹² Schedule BCA-2 at 1.

¹³ *Id.* at 1-8.

¹⁴ The formula method is based on 1/8 of the operating expenses less depreciation, taxes, purchased power and purchased water expenses, plus 1/24 of purchased power and purchased water expenses.

¹⁵ Schedule BCA-2 at 1.

Operating Income and Revenue Requirement

42. Staff concurs with the Company's proposed TY revenue in the amount of \$141,689.¹⁶

43. Staff recommends the following adjustments to operating expenses:

- a. Decreasing Repairs and Maintenance expense by \$25,508, from \$25,508 to \$0, to reflect the reclassification of the expense from the Repairs and Maintenance Acct. 620 to Media for Arsenic Treatment Acct. No. 320.3.
- b. Increasing Outside Services by \$4,200, from \$6,929 to \$11,129, to reflect the reclassification of water operator fee of \$4,200, from Acct. No. 635, Water Testing expense, to Acct. No. 630, Outside Services.
- c. Decreasing Water Testing expense by \$4,541, from \$6,810 to \$2,269, to reflect Staff's calculation of water testing expense and removing \$341 in unsupported expense.
- d. Decreasing Depreciation Expense by \$37,818, from \$42,819 to \$5,001, to reflect Staff's recommended depreciation rates applied to Staff's recommended plant balances.
- e. Decreasing Taxes Other Than Income taxes by \$18,532, from \$18,815 to \$283, to reflect the removal of \$13,509 in sales taxes paid by customers, removal of \$4,611 in Water Infrastructure Financing Authority principal and interest repayment, and recognizing \$283 in taxes on other income.
- f. Decreasing Property Taxes by \$693, from \$7,391 to \$6,698, to reflect Staff's recalculation of property tax expenses based on the Arizona Department of Revenue methodology.
- g. Increasing Income Tax expense by \$7,801, from \$0, to reflect Staff's calculation of income tax based on Staff's adjusted TY taxable income.
- h. Increasing Interest on Customer Deposits by \$258, from \$0, to reflect Staff's calculation of interest on customer deposits.

¹⁶ Staff Report at 7.

44. Staff's total adjustments to operating expenses result in a net decrease of \$74,834, from \$184,933 to \$110,100.

45. Staff recommends total annual operating revenues of \$152,328, an increase of \$10,639, or 7.51 percent over TY revenues of \$141,689. Staff's recommended revenue would produce an operating income of \$40,000, for a 26.26 percent operating margin and a cash flow of \$27,681 after payment on Water Infrastructure Financing Authority ("WIFA") loan obligations in the amount of \$200,000. Staff used the Company's cash flow needs to determine the revenue requirement and Staff believes Staff's recommended total revenue requirement will provide the Company with sufficient cash flow to pay operating expenses and contingencies.

46. We find that Staff's recommended operating expenses of \$110,100, operating income of \$40,000, and revenue requirement of \$152,328 are reasonable, and we will adopt them.

Rate Design

47. The rates and charges for the Company at present, as proposed in the rate application, and as recommended by Staff are as follows:

MONTHLY USAGE CHARGE:

	<u>Present</u> <u>Rates</u>	<u>Company</u> <u>Proposed</u>	<u>Staff</u> <u>Recommended</u>
5/8" x 3/4" Meter	\$25.00	\$50.00	\$26.00
3/4" Meter	25.00	50.00	26.00
1" Meter	41.67	83.34	49.00
1 1/2" Meter	83.33	166.66	91.00
2" Meter	133.33	266.66	142.00
3" Meter	266.67	533.34	280.00
4" Meter	416.67	833.34	432.00
6" Meter	833.33	1,666.66	848.00

COMMODITY RATES

5/8" x 3/4" Meter & 3/4" Meter

Residential, Commercial & Industrial

0 to 3,000 gallons	\$1.95
From 3,001 to 7,000 gallons	3.25
Over 7,000 gallons	4.45

0 to 3,000 gallons	\$3.90	\$2.16
From 3,001 to 7,000 gallons	6.50	3.46
Over 7,000 gallons	8.90	4.66

1" Meter**Residential, Commercial & Industrial**

0 to 7,000 gallons	\$3.25	\$6.50	\$3.46
Over 7,000 gallons	4.45	8.90	4.66

1 ½" Meter**Residential, Commercial & Industrial**

0 to 15,000 gallons	\$3.25	\$6.50	\$3.46
Over 15,000 gallons	4.45	8.90	4.66

2" Meter**Residential, Commercial & Industrial**

0 to 24,000 gallons	\$3.25	\$6.50	\$3.46
Over 24,000 gallons	4.45	8.90	4.66

3" Meter**Residential, Commercial & Industrial**

0 to 48,000 gallons	\$3.25	\$6.50	\$3.46
Over 48,000 gallons	4.45	8.90	4.66

4" Meter**Residential, Commercial & Industrial**

0 to 75,000 gallons	\$3.25	\$6.50	\$3.46
Over 75,000 gallons	4.45	8.90	4.66

6" Meter**Residential, Commercial & Industrial**

0 to 150,000 gallons	\$3.25	\$6.50	\$3.46
Over 150,000 gallons	4.45	8.90	4.66

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable pursuant to A.A.C. R14-2-40-5)

	<u>Company</u>		<u>Staff Recommended</u>		<u>Total Charge</u>
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Service Line</u>	<u>Meter Charge</u>	
5/8" x ¾" Meter	\$600	\$1,200	\$445	\$155	\$600
¾" Meter	700	1,400	445	255	700
1" Meter	810	1,620	495	315	810
1 ½" Meter	1,075	2,150	550	525	1,075
2" Turbine Meter	1,875	3,750	830	1,045	1,875
2" Compound Meter	2,720	5,440	830	1,890	2,720
3" Turbine Meter	2,715	5,430	1,045	1,670	2,715
3" Compound Meter	3,710	7,420	1,165	2,545	3,710
4" Turbine Meter	4,160	8,320	1,490	2,670	4,160
4" Compound Meter	5,315	10,630	1,670	3,645	5,315
6" Turbine Meter	7,235	14,470	2,210	5,025	7,235
6" Compound Meter	9,250	18,500	2,330	6,920	9,250

	Present	Company	Staff
<u>SERVICE CHARGES:</u>	<u>Rates</u>	<u>Proposed</u>	<u>Recommended</u>
Establishment	\$25.00	\$50.00	\$30.00
After Hours Service Charge	50.00	100.00	50.00
Reconnection (Delinquent)	30.00	60.00	30.00
Meter Test (If Correct)	15.00	30.00	20.00
Deposit	*	*	*
Deposit Interest	*	*	*
Reestablishment (Within 12 Months)	**	**	**
NSF Check	\$20.00	\$40.00	\$20.00
Deferred Payment	1.50%	3.00%	1.50%
Meter Reread (If Correct)	\$15.00	\$30.00	\$20.00
Late Payment (per month)	1.50%	3.00%	1.50%
Fire Sprinkler (All Meter Sizes)	***	***	***

* Per Commission rule A.A.C. R-14-2-403(B).

** Months of system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

*** 2% of the monthly minimum for a comparable size meter connection but not less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

48. In addition to the collection of regular rates, the Company will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, pursuant to Commission Rule A.A.C. 14-2-409(D)(5).

49. Appaloosa did not propose any changes to its current rate design and Staff concurs.

50. Appaloosa's original proposed rates would increase the typical 5/8-inch meter residential customer bill, with a median usage of 4,958 gallons, from \$37.21 to \$74.42 per month, for an increase of \$37.21, or 100 percent.

51. Staff's recommended rates would increase the typical 5/8-inch meter residential customer bill, with a median usage of 4,958 gallons, from \$37.21 to \$39.25 per month, for an increase of \$2.04, or 5.5 percent.

52. Staff recommends no change to Appaloosa's current Service Line and Meter Installation Charges and the Company does not oppose Staff's recommendation.

53. Staff recommends three adjustments to the Company's proposed Service Charges. Staff recommends: 1) increasing the Establishment charge from \$25 to \$30; 2) increasing the Meter Re-Read (If Correct) charge from \$15 to \$20; and 3) increasing Meter Test (If Correct) from \$15 to \$20. Staff

1 recommends no change to the Company's remaining Service Charges. The Company does not oppose
2 Staff's recommendations to Service Charges.

3 54. We find Staff's recommended rate design, Service Line and Meter Installation charges
4 and Service Charges are reasonable, and we will adopt them.

5 55. Staff further recommends that:

6 (a) The Company be put on notice to appropriately record all plant transactions in
7 accordance with National Association of Regulatory Utility Commissioners
8 ("NARUC") guidelines. If the Company fails to do so, Staff could recommend
fines in the next rate case. The Company shall maintain all invoices for both
operating expenses and capital improvements;

9 (b) The Company file with Docket Control, as a compliance item in this Docket,
10 a schedule of its approved rates and charges within 30 days after the Decision
in this matter be issued;

11 (c) The Company use the depreciation rates presented in Table B of the
12 Engineering Report by individual NARUC category on a going-forward basis.
Staff has updated Appaloosa's Arsenic Treatment media depreciation rate
13 based on information provided by the Company; and

14 (d) The elimination of the requirement to file quarterly water loss reports going
15 forward. In Decision Nos. 73270 and 74787, Appaloosa was ordered to file
water loss reports. The Company filed the reports every quarter beginning
16 January 2013. The Company's water loss has been below 10 percent for more
than a year.

17 56. Staff's additional recommendations are reasonable and we will adopt them.

18 57. Because an allowance for the property tax expense is included in the Company's rates
19 and will be collected from its customers, the Commission seeks assurances from the Company that any
20 taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to
21 the Commission's attention that a number of water companies have been unwilling or unable to fulfill
22 their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty years.
23 It is reasonable, therefore, that Appaloosa should annually file, as part of its annual report, an affidavit
24 with the Utilities Division attesting that the Company is current on its property taxes in Arizona.

25 CONCLUSIONS OF LAW

26 1. Appaloosa is a public service corporation within the meaning of Article XV of the
27 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

28 2. The Commission has jurisdiction over Appaloosa and the subject matter of the rate

1 application.

2 3. Notice of the application was given in accordance with the law.

3 4. The rates and charges authorized herein are just and reasonable and should be approved
4 without a hearing.

5 5. Staff recommendations, as set forth herein, are reasonable and should be adopted.

6 **ORDER**

7 IT IS THEREFORE ORDERED that Appaloosa Water Company is hereby authorized and
8 directed to file with the Commission, as a compliance item in this docket, on or before May 31, 2016,
9 a revised tariff setting forth following rates and charges:

10 **MONTHLY USAGE CHARGE:**

11	5/8" x 3/4" Meter	\$26.00
	3/4" Meter	26.00
12	1" Meter	49.00
	1 1/2" Meter	91.00
13	2" Meter	142.00
	3" Meter	280.00
14	4" Meter	432.00
15	6" Meter	848.00

16 **COMMODITY RATES**

17 **5/8" x 3/4" Meter and 3/4" Meter**

18 **Residential, Commercial & Industrial**

18	0 to 3,000 gallons	\$2.16
	From 3,001 to 7,000 gallons	3.46
19	Over 7,000 gallons	4.66

20 **1" Meter**

21 **Residential, Commercial & Industrial**

21	0 to 7,000 gallons	\$3.46
22	Over 7,000 gallons	4.66

23 **1 1/2" Meter**

24 **Residential, Commercial & Industrial**

24	0 to 15,000 gallons	\$3.46
25	Over 15,000 gallons	4.66

26 **2" Meter**

27 **Residential, Commercial & Industrial**

27	0 to 24,000 gallons	\$3.46
28	Over 24,000 gallons	4.66

3" Meter**Residential, Commercial & Industrial**

0 to 48,000 gallons	\$3.46
Over 48,000 gallons	4.66

4" Meter**Residential, Commercial & Industrial**

0 to 75,000 gallons	\$3.46
Over 75,000 gallons	4.66

6" Meter**Residential, Commercial & Industrial**

0 to 150,000 gallons	\$3.46
Over 150,000 gallons	4.66

SERVICE LINE AND METER INSTALLATION CHARGES:
(Refundable pursuant to A.A.C. R14-2-40-5)

	<u>Service Line</u>	<u>Meter Charge</u>	<u>Total Charge</u>
5/8" x 3/4" Meter	\$445	\$155	\$600
3/4" Meter	445	255	700
1" Meter	495	315	810
1 1/2" Meter	550	525	1,075
2" Turbine Meter	830	1,045	1,875
2" Compound Meter	830	1,890	2,720
3" Turbine Meter	1,045	1,670	2,715
3" Compound Meter	1,165	2,545	3,710
4" Turbine Meter	1,490	2,670	4,160
4" Compound Meter	1,670	3,645	5,315
6" Turbine Meter	2,210	5,025	7,235
6" Compound Meter	2,330	6,920	9,250

SERVICE CHARGE:

Establishment	\$30.00
After Hours Service Charge	50.00
Reconnection (Delinquent)	30.00
Meter Test (If Correct)	20.00
Deposit	*
Deposit Interest	*
Reestablishment (Within 12 Months)	**
NSF Check	\$20.00
Deferred Payment	1.50%
Meter Reread (If Correct)	\$20.00
Late Payment (per month)	1.50%
Fire Sprinkler (All Meter Sizes)	***

* Per Commission rule A.A.C. R-14-2-403(B).

1 ** Months of system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

2 *** 2% of the monthly minimum for a comparable size meter connection but not less than
3 \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable for
 service lines separate and distinct from the primary water service line.

4 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,
5 Appaloosa Water Company is authorized to collect from its customers a proportionate share of any
6 privilege, sales or use tax pursuant to A.C.C. R14-2-409(D).

7 IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service
8 provided on and after June 1, 2016.

9 IT IS FURTHER ORDERED that Appaloosa Water Company shall notify its customers of the
10 authorized rates and charges, and their effective dates, in a form acceptable to the Commission Staff,
11 by means of an insert in its next regularly scheduled billing or separate mailing, and shall file copies
12 of the notice with Docket Control within 10 days of the date the notice is sent to customers.

13 IT IS FURTHER ORDERED that Appaloosa Water Company is hereby put on notice that it
14 shall appropriately record all plant transactions in accordance with National Association of Regulatory
15 Utility Commissioners guidelines. If the Company fails to do so, the Commission's Utilities Division
16 may recommend that the Company be assessed fines in its next rate case. Further, the Company shall
17 maintain all invoices for both operating expenses and capital improvements.

18 IT IS FURTHER ORDERED that Appaloosa Water Company shall, on a going-forward basis,
19 use the depreciation rates by individual National Association of Regulatory Utility Commissioners
20 category presented in Table B, attached to the Staff Engineering Report issued in this docket.

21 IT IS FURTHER ORDERED that the Appaloosa Water Company, on a going-forward basis, is
22 not required to file quarterly water loss reports, as set forth in Decision Nos. 73270 and 74787, because
23 the Company's water loss has been below 10 percent for more than a year.

24 ...

25 ...

26 ...

27 ...

28 ...

IT IS FURTHER ORDERED that Appaloosa Water Company shall file annually, with the Commission's Utilities Division, as part of its Annual Report, an affidavit attesting that it is current on its property taxes in Arizona.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____ 2016.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

YK:ru(aw)

1 SERVICE LIST FOR:

APPALOOSA WATER COMPANY

2 DOCKET NO.:

W-03443A-15-0271

3 Joseph Cordovana
4 APPALOOSA WATER COMPANY
5 P.O. Box 3150
6 Chino Valley, AZ 86323

7 Janice Alward, Chief Counsel
8 Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 Thomas Broderick, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007
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